



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

January 25, 2008

To: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (FOURTH QUARTER 2007)

In response to the increased level of CRA activity in the County and this Office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the fourth quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this Office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130.

WTF:LS  
DSP:RTM:ib

Attachment

c: Auditor-Controller  
County Counsel

**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES**  
**Quarterly Report – Fourth Quarter 2007**

**New CRA Projects - Routine Notifications/Reports Provided to Board**

<b>CRA Projects</b>	<b>District</b>	<b>Type of Notification</b>	<b>Date</b>
None			

**Board Letters/Actions During Quarter**

<b>CRA Projects</b>	<b>District</b>	<b>Action</b>	<b>Date of Board Action</b>
City of Industry Project No. 1	1 <sup>st</sup>	Subordination Resolution	October 23, 2007
City of Industry Project No. 2	1 <sup>st</sup>	Subordination Resolution	October 23, 2007
City of La Puente Redevelopment Project	1 <sup>st</sup>	Subordination Resolution	October 23, 2007
City of Montebello Montebello Hills Project	1 <sup>st</sup>	Subordination Resolution	October 23, 2007

**Major Ongoing or Emergent CRA Issues**

**Azusa (First District)**

**Issue:** The City proposed to increase the tax increment limit and add 15 acres to the Merged Central Business District and West End Redevelopment Project.

**Status:** The City conducted a tour of the proposed areas with County staff. This Office determined that the City's proposal was consistent with Community Redevelopment Law. The City adopted the amendment on December 17, 2007.

**Baldwin Park (First District)**

**Issue:** The City is contemplating changes to its Central Business District Redevelopment Project in order to allow for the development of a transit-oriented residential and retail project.

**Status:** The City is working on the details of the proposal. This Office will analyze the City's tax increment projections, and the County's consultant will review the proposal for feasibility. The County informed that City that any contribution of County tax share would be in the form of a loan which would require repayment in the out years.

### **El Monte (First District)**

- Issue:** The City proposed changes to its Downtown Redevelopment Project in order to allow for the development of a transit-oriented project. The proposed changes include a ten-year extension of the Project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements.
- Status:** The County informed the City that a contribution of County tax share would be in the form of a loan which would require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans. The County's consultant is waiting for information requested of the City's developer.

### **City of Industry (First District)**

- Issue:** The City proposed adoption of a new redevelopment project, Project No. 4. The Project included 291 acres located in the northwest corner of the City.
- Status:** This Office expressed concerns that portions of the proposed project did not meet the blight requirements consistent with Community Redevelopment Law. The CEO prepared a Statement of Objections and submitted it to the City prior to its Joint Public Hearing to adopt the project on June 13, 2007. The City postponed adoption of the project to November 2007. The City ultimately reduced the size of the project to 77 acres. This Office was satisfied that the remaining areas meet the legal blight requirements.

### **Redondo Beach (Fourth District)**

- Issue:** The City proposed to refinance existing debt relating to the South Bay Center Project. This proposal would require an amendment to the County agreement whereby the County guarantees that the City will receive sufficient tax increment funds to meet existing debt service and also require the County to advance additional amounts of principal.
- Status:** The City submitted a revised proposal that would include additional County payments to the City. This Office notified the City that its proposal was not consistent with terms of the 1983 Agreement, but that the County will continue to honor its commitment to ensure that the Agency can service its current debt, consistent with the terms of the 1983 Agreement.

### **South Gate (First District)**

- Issue:** The City is contemplating a new redevelopment project, and has asked this Office to review its initial proposal.
- Status:** This Office has toured the proposed project area, and is in discussions with the City regarding the proposed project boundaries.

## **Litigation**

### **Glendora (Fifth District)**

**Issue:** The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

**Status:** The County filed a lawsuit objecting to the Project on the grounds that the proposed new Project Area No. 5 does not meet the blight requirements; Project No. 3 lacks significant remaining blight to justify an increase in the project cap; the Agency has not made a finding of public benefit required to merge the projects; and the evidence presented by the City was outdated and misleading. The case was transferred to the Superior Court of the County of Monterey, and trial took place on December 6, 2007.

### **Los Angeles - City Center and Central Industrial (First and Second Districts)**

**Issue:** The Agency adopted the City Center Redevelopment Project on May 15, 2002, and the Central Industrial Project on November 15, 2002. Both projects included areas which were formerly in the existing Central Business District (CBD) Project, which reached its court-validated (Bernardi) project cap.

**Status:** Your Board authorized challenges to these projects, and trial court judgments were in favor of the County. Both judgments were appealed, and the Court of Appeal said that both projects were partially invalid, so far as they sought to divert property taxes from former CBD areas. In the remanded City Center case, the trial court issued a decision invalidating the entire City Center Project. In the remanded Central Industrial case, the trial court refused the County's evidence that the project was financially infeasible, and the Court of Appeal reaffirmed the partial invalidation. The County's appeal on the City Center case remains outstanding. County Counsel and this Office are recommending a settlement that will affirm that the CRA will not receive tax increment from former CBD areas.

## **Overall CRA Statistics**

Active CRA Projects	313
Pending CRA Projects	13